

Message Text

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43

ACTION NEA-10

INFO OCT-01 ISO-00 EB-07 COME-00 /018 W

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R 261145Z JUL 76

FM AMEMBASSY TEHRAN

TO SECSTATE WASHDC 8296

LIMITED OFFICIAL USE TEHRAN 7573

E.O. 11652: NA

TAGS: OTRA, IR

SUBJ: VISIT OF PROCTOR AND GAMBLE OFFICIALS

REF: (A) TEHRAN 7373, (B) STATE 176802

1. EMBASSY HAS NOW RECEIVED COPY OF LETTER FROM MR. KINGSTON FLETCHER TO DEPUTY ASSISTANT SECRETARY SOBER CONCERNING PROCTOR AND GAMBLE'S PROPOSAL FOR ITS IRAN JOINT VENTURE. PROPOSAL AS GIVEN IN LETTER IDENTICAL TO THAT SUMMARIZED IN PARA 1 REFTEL A. EMBASSY FORESEES TWO MAJOR PROBLEMS WHICH PROCTOR AND GAMBLE WILL FACE VIS-A-VIS GOI: 1) OBTAINING GOI PERMISSION FOR PRESENT IRANIAN PARTNERS TO DIVEST THEMSELVES OF THEIR CURRENT 50 PERCENT EQUITY AND 2) GOI AGREEMENT FOR PROCTOR AND GAMBLE TO RETAIN 50 PERCENT IN THE VENTURE EVEN AFTER SALE OF 49 PERCENT OF THE SHARES TO WORKERS, ET. AL., PURSUANT TO SHARE PARTICIPATION STATUTE. DIFFICULT TO SAY WHAT INITIAL GOI REACTION WILL BE TO FLETCHER PROPOSAL SINCE LATTER HAS NOT YET BEEN SUBMITTED TO ANY LEVEL OF GOVERNMENT HERE. GIVEN PREVAILING STRONG GOI PREFERENCES FOR PURCHASE OF TECHNOLOGY AND BORROWING CAPITAL RATHER THAN JOINT VENTURES AS IN THE PAST, WE WOULD SURMISE THAT INITIAL GOI REACTION WILL BE LUKEWARM. IN ANY CASE, DIFFICULT AND LENGTHY NEGOTIATIONS PROBABLY LIE AHEAD FOR PROCTOR AND GAMBLE.

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3. WOULD STILL RECOMMEND THAT MR. FLETCHER CONSIDER

MAKING HIS INITIAL PROPOSAL TO MINISTER OF INDUSTRIES
AND MINES NAJMABADI RATHER THAN ANSARY. NAJMABADI'S
OFFICE TELLS US THAT HE IS CURRENTLY IN NEW YORK AND
WILL NOT BE RETURNING TO TEHRAN UNTIL AUGUST 13 OR 14.
IF MR. FLETCHER PREFERS DEALING DIRECTLY WITH MINISTER
IN FIRST INSTANCE RATHER THAN ONE OF HIS DEPUTIES, HE
MAY WISH TO SEEK A CONVENIENT TIME FOR NAJMABADI IN
NEW YORK. IRANIAN EMBASSY MAY BE ABLE TO HELP
ASCERTAIN MINISTER'S PRECISE WHEREABOUTS.
ALTERNATELY, MR. FLETCHER MAY WISH POSTPONE HIS
VISIT TO TEHRAN UNTIL NAJMABADI RETURNS AND A
TIME FOR MEETING CAN BE WORKED OUT.

4. DEPARTMENT REQUESTED TRANSMIT ABOVE TO MR. FLETCHER
AND ADVISE HIS REACTIONS.
HELMS

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